

ASSIGNMENT OF LEASE, REASSIGNMENT OF SUBLEASE
AND AGREEMENT dated as of August 10, 1979 (the
"Assignment"), by and between BRAE CORPORATION, a
Delaware corporation (together with its successors
and assigns, "BRAE"), and MORGAN GUARANTY TRUST
COMPANY OF NEW YORK, as Trustee, a corporation
organized under the laws of the State of New York
(the "Trustee").

RECORDATION NO. 106304 Filed 1425

AUG 16 1979 - 4 00 PM

INTERSTATE COMMERCE COMMISSION

WHEREAS BRAE has entered into an Equipment Trust Agree-
ment dated as of June 1, 1979 (such Equipment Trust Agreement,
together with any amendments or supplements thereto, herein-
after called the "Agreement");

WHEREAS BRAE and Railroad Consultants (the "Lessee")
have entered into a lease of Equipment (as defined in the Agree-
ment) (the "Leased Equipment") dated as of December 1, 1978
(such lease, together with any amendments or supplements there-
to, hereinafter called the "Lease"), providing for the leasing
by BRAE to the Lessee of units of the Trust Equipment (as
defined in the Agreement);

WHEREAS the Lessee and Union Railroad of Oregon (the
"Sublessee") have entered into a sublease of the Leased Equip-
ment dated as of December 1, 1978 (such sublease together with
any amendments or supplements thereto, hereinafter called the
"Sublease"), providing for the leasing by the Lessee to the Sub-
lessee of units of the Trust Equipment;

WHEREAS by letter agreement dated June 1, 1979 the Lessee
has assigned all of its right, title and interest in the Sublease
to BRAE;

WHEREAS the Lease and the Sublease may also cover the
leasing by BRAE to the Lessee and by the Lessee to the Sublessee
of other equipment not included as part of the Trust Equipment;
and

WHEREAS in order to provide security for the obliga-
tions of BRAE under the Agreement and as an inducement to the
investor for which the Trustee is acting to purchase Trust
Certificates (as defined in the Agreement), BRAE agrees to
assign for security purposes its right in, to and under the
Lease and the Sublease to the Trustee as and only to the extent
that the Lease and the Sublease relate to the Trust Equipment.

NOW, THEREFORE, in consideration of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. BRAE hereby assigns, transfers and sets over unto the Trustee, as collateral security for the payment and performance of BRAE's obligations under the Agreement, all of BRAE's right, title and interest, power, privileges and other benefits under the Lease and the Sublease as and only to the extent that the Lease and the Sublease relate to the Trust Equipment set forth in Annex A hereto, including, without limitation, all rights to receive and collect all rentals, profits and other sums payable to or receivable by BRAE from the Lessee or the Sublessee under or pursuant to the provisions of the Lease or the Sublease to the extent that the same are payable in respect of such Trust Equipment, whether as rent, casualty payment, indemnity, liquidated damages or otherwise (such monies hereinafter called the "Payments"); provided, however, that unless an Event of Default under the Agreement, or any event which, with notice or lapse of time or both, would constitute such an Event of Default, shall have occurred and be continuing, it is understood that BRAE shall be entitled to collect and receive all such Payments and to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an event of default specified in the Lease or in the Sublease, and to apply all Payments to which BRAE is entitled to the payment of any and all of BRAE's obligations under the Agreement and to retain the balance, if any. In furtherance of the foregoing assignment, but subject to the foregoing provisions of this paragraph, BRAE hereby irrevocably authorizes and empowers the Trustee in its own name, or in the name of its nominee, or in the name of BRAE or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which BRAE is or may become entitled under the Lease or the Sublease, and to enforce compliance by the Lessee with all the terms and provisions thereof. Whenever the Lease or the Sublease covers other equipment not included as part of the Trust Equipment and the amount of any payment due to BRAE under such Lease or Sublease as car hire payments (including both straight and incentive per diem), mileage charges or other rental revenues are calculated on an aggregate basis for all equipment leased thereunder, for the purposes of this Assignment an amount equal to the Assigned Fraction (as hereinafter defined) of each such payment shall be deemed to be payable with respect to such Trust Equipment leased under such Lease or Sublease. The term "Assigned Fraction" as used herein shall mean a fraction the numerator of which shall be the number of units of equipment comprising such Trust Equipment leased under such Lease or Sublease and the denominator of which shall be the aggregate number of units of equipment (including such units of Trust Equipment) at the time leased under such Lease or Sublease.

2. This Assignment is executed only as security for the obligations of BRAE under the Agreement and, therefore, the execution and delivery of this Assignment shall not subject the Trustee to, or transfer, or pass, or in any way affect or modify, the liability of BRAE under the Lease or the Sublease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of BRAE to the Lessee and to the Sublessee shall be and remain enforceable by the Lessee and by the Sublessee, their respective successors and assigns, against, and only against, BRAE or persons other than the Trustee.

3. To protect the security afforded by this Assignment, BRAE agrees as follows:

(a) BRAE will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease or Sublease provides is to be performed by BRAE.

(b) At BRAE's sole cost and expense, BRAE will appear in and defend every action or proceeding arising under, growing out of or in any manner connected with the obligations, duties or liabilities of BRAE under the Lease or the Sublease.

(c) Should BRAE fail to make any payment or to do any act which this Assignment requires BRAE to make or do, then the Trustee, but without obligation so to do, after first making written demand upon BRAE and affording BRAE a reasonable period of time within which to make such payment or do such act, but without releasing BRAE from any obligation hereunder, may make or do the same in such manner and to such extent as the Trustee may deem necessary to protect the security provided hereby, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Trustee, and also the right to perform and discharge each and every obligation, covenant and agreement of BRAE contained in the Lease or the Sublease; and, in exercising any such powers, the Trustee may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorney's fees, and BRAE will reimburse the Trustee for such costs, expenses and fees.

4. Upon the full discharge and satisfaction of all of BRAE's obligations under the Agreement and this Assignment, all rights herein assigned to the Trustee shall terminate, and all estate, right, title and interest of the Trustee in and to the Lease and the Sublease shall revert to BRAE, and the Trustee shall take such action as BRAE may reasonably request to confirm

BRAE's estate, right, title and interest in and to the Lease and the Sublease.

5. BRAE will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, reregister, re-record or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Trustee in order to confirm or further assure the interests of the Trustee hereunder.

6. If an Event of Default shall occur and be continuing under the Agreement, the Trustee may assign all or any of the rights assigned to it hereby or arising under the Lease or the Sublease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Trustee hereunder. The Trustee will give written notice to BRAE and the Lessee of any such assignment.

7. This Assignment shall be governed by the laws of the State of New York, but the parties shall be entitled to all rights conferred by the laws of the United States of America permitting filing with the Interstate Commerce Commission.

8. This Assignment shall not be deemed delivered by BRAE until accepted by the Trustee in New York, New York.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names, by officers thereunto duly authorized, and their respective seals to be affixed and duly attested, all as of the date first above written.


BRAE CORPORATION

By: 

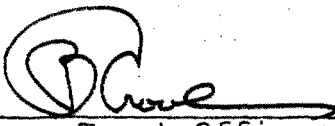
Vice President

[Corporate Seal]

Attest:


Assistant Secretary

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Trustee

By: 
Trust Officer

[Corporate Seal]

Attest:


Assistant Secretary

ANNEX A

<u>No. of Units</u>	<u>Road Numbers</u>	<u>Description</u>	<u>AAR Mechanical Designation</u>
50	UO 1500 UO 1549 (both inclusive)	50'6" 70 Ton Plate B	XM

STATE OF CALIFORNIA

)
) ss

CITY AND COUNTY OF SAN FRANCISCO)

On this 14th day of August 1979, before me personally appeared Donald H. Gleason, to me personally known, who, being by me duly sworn, says that he is Vice President of BRAE CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its By-laws and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Mirella R. Abbo

Notary Public

[Notarial Seal]

My Commission expires: Feb. 25, 1983



STATE OF NEW YORK)

) ss

COUNTY OF NEW YORK)

On this 16th day of August 1979, before me personally appeared P. J. Crooks, to me personally known, who, being by me duly sworn, says that he is a Trust Officer of MORGAN GUARANTY TRUST COMPANY OF NEW YORK, a New York corporation, that one of the seals affixed to the foregoing instrument is the seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Maurice D. McNamee

Notary Public

NOTARY PUBLIC, State of New York
No. 0146448500
Qualified in West County
Certificate filed in New York County
Commission Expires March 30, 1981

[Notarial Seal]

My Commission expires:

STATE OF New Hampshire.....
COUNTY OF Coos.....

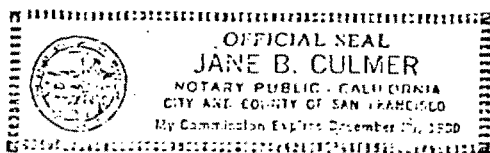
On this 2nd day of November, 1978, before me personally appeared R. Pinette, to me personally known, who being by me duly sworn says that such person is President of Berlin Mills Ry., Inc. that the foregoing Lease Agreement, Rider(s) Nos 1-4 and Equipment Schedule(s) No. 1-5 were signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instruments were the free acts and deeds of such corporation.

Carol S. House

Notary Public

STATE OF *California*
COUNTY OF *San Francisco*

On this 6th day of December, 1978, before me personally appeared *Wm. J. J. J.* to me personally known, who being by me duly sworn says that such person is *President* of BRAE CORPORATION, that the foregoing Lease Agreement, Rider(s) No. and Equipment Schedule(s) No. 1... were signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instruments were the free acts and deeds of such corporation.



Jane B. Culmer
Notary Public